

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1667 - HB 1655**

March 9, 2022

**SUMMARY OF BILL AS AMENDED (014856):**

**Section 1** requires a redesign and reissue of a new specialty earmarked license plate for the Alpha Phi Alpha fraternity.

**Section 2** adds American Baptist College to the list of Tennessee Historically Black Colleges entitled to proceeds from African-American fraternity or sorority specialty earmarked license plates.

**Sections 3 & 4** create a new specialty earmarked license plate for Old Friends Dog Sanctuary.

**Sections 5 & 6** create a new specialty earmarked license plate for Memphis/Shelby County Schools Alumni.

**Sections 7 & 8** create a new specialty earmarked license plate for USTA Tennessee.

**Section 9** extends, by one year, the time frame for a specialty earmarked license plate for the Tennessee Chamber of Commerce to reach the minimum issuance requirement.

**Section 10** extends, by one year, the time frame for a specialty earmarked license plate for Tiger Haven to reach the minimum issuance requirements.

**Section 11** extends, by one year, the time frame for a specialty earmarked license plate for TennesSEIA to reach the minimum issuance requirements.

**Section 12** requires the Department of Revenue (DOR) to design a registration plate for active, retired, and discharged members of the United States Space Force.

**Sections 13 & 14** create a new specialty earmarked license plate for Save Our Smokies.

**Sections 15 & 16** create a new specialty earmarked license plate for Historic Maury.

**Sections 17 & 18** create a new specialty earmarked license plate for Bays Mountain.

**Section 19** extends, by one year, the time frame for a specialty earmarked license plate for African American Breast Cancer Awareness to reach the minimum issuance requirement.

**Sections 20 & 21** create a new specialty earmarked license plate for Explore TN.

**Sections 22 & 23** create a new specialty earmarked license plate for Knights of Columbus.

**Sections 24 & 25** create a new specialty earmarked license plate for Clement Railroad Hotel Museum.

**Sections 26 & 27** create a new specialty earmarked license plate for Alcorn State University.

**Sections 28 & 29** create a new specialty earmarked license plate for Fisk University.

**Sections 30, 31, & 32** create a new military cultural license plate for recipients of the Presidential Service Badge.

**Sections 33, 34, 35, & 36** create a new specialty earmarked license plate for Physicians.

**Sections 37 & 38** create a new specialty earmarked license plate for Isaiah 117 House.

**Section 39** replaces New Life Resources with Tennessee Right to Life Education Fund, Inc. regarding where funds produced from the sale of Choose Life specialty earmarked plates are allocated to.

**Sections 40, 41, 42** create a new military cultural license plate for those who served in combat, whether in action, as infantryman, or as medical personnel.

**Sections 43 & 44** create a new specialty earmarked license plate for Respiratory Therapists.

**Sections 45 & 46** create a new specialty earmarked license plate for Honoring Law Enforcement.

**Sections 47 & 48** create a new specialty earmarked license plate for Let Freedom Ring.

**Sections 49 & 50** create a new specialty earmarked license plate for Improve Hendersonville.

**Sections 51 & 52** create a new specialty earmarked license plate for the Atlanta Braves.

**Sections 53 & 54** create a new specialty earmarked license plate for River Life.

**Sections 55 & 56** create a new specialty earmarked license plate for Pancreatic Cancer Awareness.

**Sections 57 & 58**, create a new specialty earmarked license plate for Back the Blue.

**Section 59** extends, by one year, the time frame for a specialty earmarked license plate for the Niswonger Children's Hospital to reach the minimum issuance requirement.

**Sections 60 & 61**, create a new specialty earmarked license plate for Muse Knoxville.

## **FISCAL IMPACT OF BILL AS AMENDED:**

### **Increase State Revenue –**

**\$33,500/FY22-23/Tennessee Arts Commission**

**\$8,400/FY22-23/Highway Fund**

**\$37,400/FY23-24 and Subsequent Years/Tennessee Arts Commission**

**\$9,400/FY23-24 and Subsequent Years/Highway Fund**

**Other Fiscal Impact – The Department of Revenue will retain approximately \$3.64 from the sale of every new specialty license plates in FY22-23 to compensate TRICOR for production, warehousing, and distribution costs incurred by TRICOR. The total amount the Department will retain and remit to TRICOR in FY22-23 is approximately \$9,828. TRICOR will receive approximately \$378 in net revenue in FY22-23.**

**\*The specialty plate organization whose plates met the required threshold are not associated with state or local governments and should not be calculated impacting as state or local revenue.**

**\$41,800/FY22-23/Specialty Plate Organizations**

**\$46,800/FY23-24 and Subsequent Years/Specialty Plate Organizations**

Assumptions for the bill as amended:

#### *Assumptions relative to new specialty earmarked license plates:*

- Pursuant to Tenn. Code Ann. § 55-4-202(g)(1), new specialty earmarked license plates will be subject to a minimum order of at least 1,000 plates prior to initial issuance. Any plate that does not meet the minimum order requirement within one year after passage of the authorizing act will become invalid.
- In the prior four fiscal years, an average of 11 percent of proposed specialty license plates reached the minimum 1,000 preorder threshold and were produced.
- Under the provisions of this legislation, 20 new specialty earmarked license plates are proposed. There are five sections of the legislation which propose to extend the time frame for five specialty earmarked license plates to reach the minimum issuance requirements. However, such plates were considered in the calculations for the 2021 specialty license plate omnibus legislation (Public Chapter 579 of 2021).
- Approximately 2.2 (20 plates x 11%) of new specialty license plates will meet the minimum threshold to be produced, resulting in at least 2,200 (2.2 x 1,000) plates produced.
- The annual fee for a new specialty license plate is \$35.
- The recurring increase in revenue is estimated to be \$77,000 (2,200 plates x \$35 fee).
- Pursuant to Tenn. Code Ann. § 55-4-215, all net revenue will be allocated as follows: 50 percent to specialty plate organization; 40 percent to the Tennessee Arts Commission; and 10 percent to the Highway Fund.

- The Department of Revenue will retain \$3.64 per license plate for a total of \$8,008 (2,200 plates x \$3.64), which will be paid to TRICOR in FY22-23 for the cost of production, warehousing, and distribution of the plates.
- The increase in revenue in FY22-23 is estimated to be \$68,992 (\$77,000 - \$8,008), allocated as follows: \$34,496 (\$68,992 x 50%) to the specialty plate organization; \$27,597 (\$68,992 x 40%) to the Tennessee Arts Commission; and \$6,899 (\$68,992 x 10%) to the Highway Fund.
- It is assumed all are renewed each subsequent year.
- The recurring increase in revenue in FY23-24 and subsequent years is estimated to be allocated as follows: \$38,500 (\$77,000 x 50%) to the specialty plate organization; \$30,800 (\$77,000 x 40%) to the Tennessee Arts Commission; and \$7,700 (\$77,000 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$308 (2,200 plates x \$0.14).

*Assumptions relative to new cultural military license plates, new collegiate license plates, and other cultural license plates:*

- Military cultural license plates and collegiate license plates are not subject to any minimum order requirements.
- Under the provisions of this legislation, it is estimated there will be four additional military cultural license plates or collegiate license plates license plates issued.
- For the purposes of this analysis, it is assumed all four applicable plates will have 100 plates produced, for a total of 400 plates (4 x 100).
- The annual fee for the new cultural plates is \$35.
- The recurring increase in revenue is estimated to be \$14,000 (400 plates x \$35 fee).
- The Department of Revenue will retain \$3.64 per license plate for a total of \$1,456 (400 plates x \$3.64), which will be paid to TRICOR in FY22-23 for the cost of production, warehousing, and distribution of the plates.
- The increase in revenue in FY22-23 is estimated to be \$12,544 (\$14,000 - \$1,456), allocated as follows: \$6,272 (\$12,544 x 50%) to the specialty plate organization; \$5,018 (\$12,544 x 40%) to the Tennessee Arts Commission; and \$1,255 (\$12,544 x 10%) to the Highway Fund.
- It is assumed all are renewed each subsequent year.
- The recurring increase in revenue in FY23-24 and subsequent years is estimated to be allocated as follows: \$7,000 (\$14,000 x 50%) to the specialty plate organization; \$5,600 (\$14,000 x 40%) to the Tennessee Arts Commission; and \$1,400 (\$14,000 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$56 (400 plates x \$0.14).
- Per the language of the legislation, the newly created specialty license plate for Physicians will have an annual fee of \$25, with no minimum purchase.
- Assuming 100 plates will be produced, the recurring increase in revenue is estimated to be \$2,500 (100 plates x \$25 fee).

- The Department of Revenue will retain \$3.64 per license plate for a total of \$364 (100 plates x \$3.64), which will be paid to TRICOR in FY22-23 for the cost of production, warehousing, and distribution of the plates.
- The increase in revenue in FY22-23 is estimated to be \$2,136 (\$2,500 - \$364), allocated as follows: \$1,068 (\$2,136 x 50%) to the specialty plate organization; \$854 (\$2,136 x 40%) to the Tennessee Arts Commission; and \$214 (\$2,136 x 10%) to the Highway Fund.
- It is assumed all Physicians plates will be renewed each subsequent year.
- The recurring increase in revenue in FY23-24 and subsequent years is estimated to be allocated as follows: \$1,250 (\$2,500 x 50%) to the specialty plate organization; \$1,000 (\$2,500 x 40%) to the Tennessee Arts Commission; and \$250 (\$2,500 x 10%) to the Highway Fund.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$14 (100 plates x \$0.14).

*General assumptions:*

- Making aesthetic changes to the Alpha Phi Alpha fraternal specialty license plates will not have a significant impact on state expenditures.
- Requiring DOR to design a new military cultural license for the Space Force plate will not have a significant impact on state expenditures, as it is assumed design and implementation will not conclude in FY22-23.
- Redistributing the funds from New Life Resources with Tennessee Right to Life Education Fund, Inc. regarding where funds produced from the sale of Choose Life specialty earmarked plates are allocated to will not significant impact the total plates purchased. Therefore, this provision will have no fiscal impact to the state.
- The Department of Revenue will retain \$3.64 per license plate for a total of \$9,828 (\$8,008 + \$1,456 + \$364) which will be paid to TRICOR in FY22-23 for the cost of production, warehousing, and distribution of the plates.
- TRICOR's actual cost to produce, warehouse, and distribute these specialty license plates is estimated to be \$3.50 per license plate, resulting in \$0.14 net revenue per plate for a one-time increase in net revenue to TRICOR of \$378 (\$308 + \$56 + \$14) in FY22-23.
- The total increase in state revenue to the Tennessee Arts Commission in FY22-23 is \$33,469 (\$27,597 + \$5,018 + \$854).
- The total increase in state revenue to the Highway Fund in FY22-23 is \$8,368 (\$6,899 + \$1,255 + \$214).
- The total recurring increase in state revenue to the Tennessee Arts Commission in FY23-24 and subsequent years is \$37,400 (\$30,800 + \$5,600 + \$1,000).
- The total recurring increase in state revenue to the Highway Fund in FY23-24 and subsequent years is \$9,350 (\$7,700 + \$1,400 + \$250).

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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